

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 16435 212315Z

11

ACTION EA-09

INFO OCT-01 ISO-00 AGR-05 EB-07 COME-00 TRSE-00 OMB-01

STR-04 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 CEA-01 AID-05

/079 W

----- 116592

R 210914Z NOV 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9682

LIMITED OFFICIAL USE MANILA 16435

E. O. 11652: NA

TAGS: EAGR, RP

SUBJECT: REPORTING ON SUGAR SITUATION IN THE MANILA PRESS

PASS USDA/FAS/THORBURN SUGAR & TROPICAL PRODUCTS DIV

SUMMARY. IN A LONG ARTICLE THE DAILY EXPRESS TRIES TO PROVE THAT THE GOP POLICY OF TRADING THROUGH A CARTEL AND WITHHOLDING SUGAR HAS RESULTED IN THE EMERGENCE OF THE PHILIPPINES AS A NEW SWING FORCE CAPABLE OF INFLUENCING HIGHER WORLD PRICES. ARTICLE'S CONCLUDING PARAGRAPHS POINT OUT SERIOUS STORAGE PROBELMS AND IMPLICITY CONTRA-DICTS ITS OPENING THESIS. COINCIDENTALLY, OTHER PAPERS HAVE BEEN CARRYING OBJECTIVE AND REALISTIC REPORTING ON THE WORLD SUGAR SITUATION. FAILURE OF GOP SUGAR POLICY IS APPARENT TO INTERESTED OBSERVERS, AND QUESTION IS WHEN AND HOW GOP WILL FACE UP TO SITUATION. END SUMMARY.

1. IN OBVIOUS ATTEMPT TO PUT ON THE BEST POSSIBLE FACE IN A WORSENING SITUATION, DAILY EPXRESS ON NOVEMBER 20 PLUBLISHED PROMINENT FRONT PAGE ARTICLE WHICH CLAIMS THAT THE PHILIPPINES IS EMERGING AS THE NEW "SWING" FORCE IN THE VOLATILE SUGAR MARKET, CAPABL OF INFLUENCING PRICES IN NEW YORK AND LONDON BY WITHHOLDING OR UNLOADING ITS STOCKS AT OPPORTUNE TIMES. ARTICLE CITES, FOR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 16435 212315Z

EXAMPLE, THAT PHILIPPINES DELAYED SHIPMENTS LAST YEAR TO

OBTAIN BEST PRICE AND ITS TRADESMANSHIP WAS ONE OF FACTORS RESPONSIBLE FOR WORLD PRICES HITTING 65 U.S. CENTS PER POUND. THIS SEASON WITH THE MARKET DOWN THE PHILIPPINES IS NOT SELLING AGAIN, A STRATEGEM EXPLAINING WHY WORLD PRICES HAVE NOT DIPPED BELOW 13 TO 14 CENTS A POUND. ACCORDING TO ARTICLE, PHILIPPINES BELIEVES THAT THERE COULD BE A SHORTFALL OF 5.8 MILLION TONS IN 1975/76 PRODUCTION AND THIS IS JUSTIFICATION FOR WITHHOLDING SUGAR FROM THE MARKET.

2. DAILY EXPRESS ARTICLE STATES THAT ALTHOUGH PHILIPPINES GROWN ONLY THREE PERCENT OF THE WORLD CROP, ITS NEWLY FOUND CLOUT IN THE SUGAR MARKET IS DUE TO HAVING AS MUCH AS 70 PERCENT OF ITS 2.5 MILLION TON PRODUCTION AVAILABLE FOR EXPORT AND DOING ALL ITS BUSINESS THROUGH A SINGLE CARTEL, THE PHILIPPINE EXCHANGE CORPORATION WHICH IS A SUBSIDIARY OF THE PHILIPPINE NATIONAL BANK. ACCORDING TO ARTICLE, "IT IS COMMON KNOWLEDGE THAT BECAUSE OF THE CRUCIAL INFLUENCE SUGAR HAS ON THE PHILIPPINE BALANCE OF PAYMENTS PRESIDENT MARCOS HIMSELF MAKES MOST OF THE SELL AND DON'T SELL DECISIONS."

3. ARTICLE IS EXTRAORDINARILY LONG AT 46 COLUMN INCHES. THOWARDS THE END IT DISCUSSES THE CURRENT SERIOUS STORAGE PROBLEMS, RESULTING FROM LARGE CARRYOVERS OF UNSOLD SUGAR FROM THE LAST SEASON AND THE MILLING SEASON NOW UNDER FULL SWING. IT DESCRIBES FULL WAREHOUSES IN NEGROS AND ILOILO, AND THE NEED TO RESORT TO TENNIS COURTS AND GARAGES AS TEMPORARY STORAGE PLACES. ARTICLE CONCLUDES THAT WHAT COULD DEFEAT THE HOLDBACK POLICY IS A PROLONGED DEPRESSION OF THE MARKET.

4. FOR AN ARTICLE WHICH OBVIOUSLY SOUGHT TO JUSTIFY CURRENT GOP SUGAR POLICY, ITS CONCLUDING DISCUSSION CURIOUSLY CONTRADICTS ITS THESIS. LAST PARAGRAPH OF ARTICLE ILLUSTRATING CONSUMER BEHAVIOR WHEN PRICES WENT OUT OF SIGHT LAST YEAR IS MORE INTERESTING -- QUOTE. AMERICANS SIMPLY STOPPED TAKING SUGAR, UNQUOTE, A MANILA AGENT SAID. QUOTE.THEY TOOK THEIR COFFEE BLACK. UNQUOTE.

5. ON THE SAME DAY AS THE ABOVE ARTICLE TIMES JOURNAL CARRIED IN ITS INSIDE BUSINESS SECTION STORY BASED ON MERRILL LYNCH STUDY WITH A TOTALLY DIFFERENT PERSPECTIVE. TIMES JOURNAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 16435 212315Z

REPORTS THAT PRICES ARE NOT EXPECTED TO IMPROVE MUCH FROM PRESENT AND UNTIL SECOND QUARTER OF 1976. IF STOCKS REMAIN CRITICAL AS LAST YEAR AND CONSUMPTION INCREASES, PRICES COULD INCREASE TO 22 TO 27 CENT RANGE BY THE THIRD QUARTER. ACCORDING TO THE MERRILL LYNCH STUDY, WORLD OUTPUT IN 1975/76 COULD INCREASE SUBSTANTIALLY FROM THE PREVIOUS YEAR TO ABOUT 85 MILLION TONS, LEAVING A POSSIBLE SURPLUS OF ONE TO TWO MILLION TONS.

6. COMMENT: THERE IS NO LACK OF GOOD ECONOMIC REPORTING IN THE PHILIPPINE PRESS. BESIDES THE ABOVE TIMES JOURNAL ARTICLE, BUSINESS DAY REPORTED NOVEMBER 21 RECENT SPEECH ON WORLD FOOD PRODUCTION BY U.S. ASSISTANT SECRETARY OF AGRICULTURE RICHARD BELL. BUSINESS DAY ARTICLE WAS ALMOST 50 COLUMN INCHES LONG AND INCLUDED USDA ESTIMATES OF WORLD SUGAR CROP. SERIOUS SITUATION ON SUGAR, INCLUDING GROWING STOCKS WHICH IRONICALLY DOES INFLUENCE WORLD MARKET AS A DEPRESSANT, IS COMMON KNOWLEDGE. THE QUESTION IS WHEN AND HOW THE GOP IS GOING TO FACE UP TO THE UNPLEASANT REALITY THAT ITS WITHHOLDING POLICY IS A FAILURE, DISRUPTING MILLING OPERATIONS BECAUSE OF THE STORAGE PROBLEM AND POSSIBLY DELAYING THE PRODUCTION CYCLE.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, SUGAR, POLICIES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA16435
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750407-0690
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751121/aaaaasbd.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUL 2003 by ShawDG>; APPROVED <18 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPORTING ON SUGAR SITUATION IN THE MANILA PRESS PASS USDA/FAS/THORBURN SUGAR & TROPICAL PRODUCTS DIV
TAGS: EAGR, RP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006